

FINANCE COMMITTEE MINUTES
REGULAR MEETING
MONDAY, SEPTEMBER 13, 2010

- I. Meeting was called to order at 8:30 a.m. by Chairman Dan Austad.
- II. Members present: Dan Austad, Ken Fisher, Cletus Fontaine, Charles Brann and David Lienau.
Others present: Finance Director Shirley Scalish, County Administrator Mike Serpe, County Board Chairman Leo Zipperer, Park Director George Pinney, Social Services Director Roger Tepe, Treasurer Jay Zahn, County Conservationist Bill Schuster, Planning Director Mariah Goode, Pat Miller and Admin. Assistant Lori Holtz.
- III. Adopt the Duly Posted Agenda
Motion by Brann, seconded by Fontaine, to adopt the agenda. Motion carried.
- IV. Proposed 2011 Budget – County Administrator / County Finance Director
Administrator Serpe thanked members of the County Board for reading over the white papers and attending the orientation session earlier this year. He also offered his thanks to all Department Heads for completely following the budget instructions. Serpe said he and Finance Director Scalish went through every line of the budgets.
The Proposed recommendation as presented has a 6.30% increase in the tax levy. The increase over last year mainly comes from personnel costs and the amount of money to do road construction.
Serpe noted that last year, a couple committee members thought we should have had more of a levy increase than we did and he acknowledged that they were probably correct.
Serpe and Scalish put together a proposed budget worksheet with a number of financing scenarios. Next it will be up to the Finance Committee to make a recommendation to County. Serpe noted that the November election can bring changes. There is the greatest possibility that if we don't use our levy capacity, we could lose it. He said their strong inclination is to take the maximum capacity allowed in levy and leave the reserves for 2012 and 2013. We do not know what the new administration will do and we should preserve those funds that we may need for future. Serpe added that staff has put together a very good budget.
The next step will be the individual budgets forwarded to the oversight committees. Finance will have its final review of the budget on October 8th, with the recommendation going to County Board on November 1st.
Fisher noted that the average increase over the last three years comes to 2.42%.
Scalish went over the 2011 Budget working scenarios. The first column is the budget as presented with a total tax levy increase of 6.30%. The second column maximizes the levy capacity and does not use much of the unassigned fund balance and presents an 8.93% tax levy increase. The remaining 5 columns demonstrate the effects of financing all or part of the road construction and the various affects.
Austad said he liked the option of using the 8.93% to maintain the levy capacity. This preserves the general fund and protects us from whatever may happen with the November election.
Fisher noted that Highway Committee discussed borrowing for roads at their last meeting, but three members wouldn't acknowledge that roads last longer than five years and are eligible for borrowing.
Members asked what dollar amount relates to a change in the levy. Scalish responded that a 1 cent change in the tax rate equals \$71,667.
Brann questioned taking money from the Workers Comp fund.
Scalish said the WC fund has a healthy fund balance and enough that we can apply an amount to this budget. Scalish also stated that the amount and process for accounting for workers compensation is set by the State Workers Compensation Bureau. Door County has been very fortunate to not have had any major workers comp claims. Scalish added that the general fund loaned \$1.6 million to the Health Insurance fund to make it whole and that was back in 2004 and 2005. We then used \$306,000 in 2009 as an offset for the budget.
Further discussion held.
Serpe urged the Committee members to look at the budget in the upcoming weeks.
Fontaine asked about talking about the budget to other supervisors.

Serpe said supervisors can talk about it, but are not allowed to try to gather votes.

The budget will now go to the committees of jurisdiction and will come back to Finance Committee on October 8th.

V. Approve Minutes of August 16, 2010 Regular Meeting

Motion by Fisher, seconded by Lienau, to approve the minutes of the August 16, 2010, Regular Meeting. Motion carried.

VI. Correspondence

- a. FYI: Local Government Investment Pool Monthly Summary of Earnings noting an interest rate of .22%..

VII. Public Comment – *None*.

VIII. Old Business – *None*.

IX. Treasurer's Monthly Report – August 2010

	<u>August 2009</u>	<u>August 2010</u>
DELINQUENT TAXES	\$772,252.11	\$750,865.12
DELINQUENT SPECIAL ASSESSMENTS	\$7,437.66	\$5,465.47
DELINQUENT COLLECTION (Month)	\$21,939.44	\$64,958.83
DELINQUENT SPECIALS (Month)	\$2,441.37	-0-
Interest Collected	\$30,495.05	\$44,728.58
Penalty Collected	\$16,273.48	\$22,396.31
DELINQUENT PARCELS	532	552
CURRENT YEAR COLLECTIONS	\$6,863,287.53	\$5,563,633.42
SALES TAX COLLECTIONS	\$278,887.23 June/August	\$281,811.40 June/August
Year to Date	\$1,624,629.06 November/June	\$1,582,145.18 November/June

Delinquent Current Year Taxes:

August 2009: \$2,103,431.88

August 2010: \$2,074,213.95

Zahn provided a handout with descriptions of the four In Rem parcels that will be advertised for sale. He will set a bid due date for sometime the week before the November 15th meeting.

Discussion held on whether the bid has to be at least the appraised value. Zahn will get an opinion from Corporation Counsel on this.

Austad noted that he has a listing of properties owned by the County that are not Parks, and he will be running these through the committees.

X. Finance Director Department Update

- a. Update on Investment Report – *No report... not all reports were available.*

- b. Checking Account Summary – *No report... not all bank statements were available.*

- c. Unassigned Fund balance & Contingency Fund Status – FYI

The Unassigned Fund balance is currently at 16.86%.

The Contingency Fund had no change from last month and is at \$140,693.00.

- d. Health Insurance & Workers Comp – FYI

The Health Benefits Fund balance is \$3,775,220.71. The excess for the year to date is \$514,890.38. The estimated reserve based upon the most current 12 month claim history is \$1,248,325.

The Workers Compensation balance is \$551,019.77. The County is required by law to put money into this fund.

XI. New Business

- a. In Rem Property Parcel # 0084400NA – Transfer to Parks

George Pinney explained that this parcel is next to the property we are now acquiring. It is 1.18 acres on a bluff with a great view. The lot is not buildable.

Austad added that the Airport & Parks Committee approved coming here to ask for the property.

Fisher wanted to know if the adjacent property owner had to opportunity to acquire this property. Serpe said the adjacent owner had ample opportunity to buy the property from the developer. Austad noted that there are two options: 1) put it in the Parks system; or 2) put it through the In Rem Process. He said, like any other property, you cannot offer it to only to adjacent owners. Motion by Brann, seconded by Lienau, to move forward to add this property to the Parks system. (will check if it needs to go to County Board.) Motion carried.

- b. Request for Transfer of Funds – Social Services – Protective Placement Hospital Bills for Client Departments are only allowed to transfer up to \$5000 between accounts; Finance Committee can approve up to \$10,000.
- Tepe explained that this is a client that the Sheriff took into custody. The County needed to hold this person for approx. 10 days and ran up a hospital bill of \$11,000.
- Motion by Fisher, seconded by Brann, to approve the request to transfer \$10,000 from Foster Care to Protective Placement for hospital bills for a client, conditioned upon approval by the Social Services Committee at their 9/14/10 meeting. Motion carried.

- c. Final 2009 Audit Results – 9:45 a.m.

Mike Konecny of Schenck Solutions reviewed the Management Letter for the Audit for the year ended December 31, 2009. The Management Letter provides a Summary of Financial Information, Comments and Observations.

Konecny reviewed the following

- Page 1 – Comparative Summary of Governmental Fund Balances. There was a 25% increase in delinquent taxes and Konecny said he's seeing this in all counties. However, it's not a large percentage of total taxes.
- Page 2 – Comparative Analysis of The Delinquent Property Taxes and Comparative Analysis of Health & Dental Self-Insurance Fund. The County has a positive change in net assets of about \$700,000.
- Page 3 – Summary of County Roads and Bridges Special Revenue Fund.
- Page 4 – Summary of Highway Cost Pool Operations. This is an enterprise fund on the County books. There are three main cost pools: Machinery Operations, Bituminous Operations and Pit and Quarry Operations. Kochney noted that the personnel costs charged to machinery is a little on the high side. The Highway Dept could have a better handle on the inventory of pit & quarry.
- Page 5 – Comparative analysis of Social Services Special Revenue Fund for the years ended December 31, 2009 and 2008; and Comparative analysis of the Community Programs Special Revenue Fund for 2009 and 2008. Scalish noted that Community Programs has improved tremendously in the collection area.
- Page 6 – Comments and Observations:
Fund Balance Reporting: GASB statement 54 established five components of fund balance to include Nonspendable, Restricted, Committed, Assigned and Unassigned. They recommend that the County review its current classifications to determine the proper reporting of governmental funds and fund balance. Early implementation is encouraged by this statement.
Discussion held on the percentage held in the County's Unassigned Fund Balance. Supervisors suggested that we may want to take a look at the 2003 resolution.
Konecny noted that GASB 54 tries to make things more consistent. The County can establish a Special Revenue Fund if you have a special revenue source. This is not required for Social Services. In the future, Social Services, Community Programs, Public Health and Senior Resource Center will be departments within the General Fund instead of having special funds.
- Page 7 – Highway – Items taken from interim Management Letter dated January 27, 2010.
1) Accounting for Pit and Quarry Cost Pool Materials. Scalish said consistency is the key.
2) Bids or Quotes for Local Construction Projects. Konecny said they recommend the Department provide a copy of the submitted bid or quote to the County Finance Department for accountability and use to compare to the total cost of the project. Scalish noted that we are doing that now.

d. Resolution: 2009 Year End Closeout to General Fund

Motion by Lienau, seconded by Fontaine, to forward the resolution to County Board. Motion carried.

Serpe noted that we've had cost-to-continue budgets. We look at historical records, and when a recommendation is made to the Board, they're making the analysis.

e. Review & Recommendation re: Finance Oversight Department Budgets:

- Medical Examiner

The only increases are coming from salary and wages.

Motion by Lienau, seconded by Brann, to approve the Medical Examiner budget as presented. Motion carried.

- Treasurer's Department

Zahn explained that the only changes made in his budget are on the interest & penalty income on taxes, which is coming in over budget this year.

Motion by Fisher, seconded by Lienau, to approve the Treasurer's 2011 budget as presented. Motion carried.

- Finance Department

Motion by Fisher, seconded by Lienau, to approve the 2011 budgets prepared by Finance as presented. Motion carried.

XII. Approve Bills

Motion by Fisher, seconded by Fontaine, to approve the bills. Motion carried.

XIII. Next Meeting Date(s)

- Friday, October 8, 2010 – Final Review of Budget – Recommend to County Board
- Monday, November 15, 2010 – 8:30 a.m.

XIV. Adjourn

Motion by Fontaine, seconded by Brann, to adjourn. Motion carried. Time: 10:44 a.m. Recorded by Admin. Assistant Lori Holtz.